



# Fidelman & Co.

## QUESTION

# Luxury Watches -Appreciation & Depreciations

## FINDINGS

Two of the luxury watches that are showing huge appreciation compared to their original price are Rolex Daytona and Patek Philippe Perpetual Calendar Chronograph.

## OVERVIEW

- [High-end/luxury watches \(1\)](#) are designer watches that are created with luxury and true craftsmanship and the quality can last a lifetime. Most of these luxury watches are sold thousands up to millions of dollars where some purchase them for investment.
- Some of the luxury watch brands include the popular Rolex where its timepieces can be worth as much as [\\$650,000 \(1\)](#) and IWC Schaffhausen with price range maxed at [\\$750,000 \(1\)](#).
- The million dollar brands include Patek Philippe where prices can be as high as [\\$1 million \(1\)](#), while Piaget's most expensive watch is priced up to [\\$3 million \(1\)](#).

## LUXURY WATCHES: APPRECIATION/DEPRECIATION

- It has been known that people buy luxury watches as a reflection of their [status symbol \(2\)](#) and personal taste, also it shows the affluence of the wearer.
- But the current trends show that these luxury watches are now deemed as an [investment \(2\)](#) for some, however, discerning a potential of every luxury watch is a complex study.
- Typically, when one buys a luxury watch, its [depreciation \(4\)](#) will start at the time the buyer stepped out of the store.
- However, the increase and decrease in value of luxury watches over time will depend on many [factors \(3\)](#) such as exclusivity, availability, brand recognition, demand, and its current condition.

## STATISTICS SHOWING DEPRECIATION/APPRECIATION OF LUXURY WATCHES

### ROLEX DAYTONA

- [Rolex Daytona \(6\)](#) was originally a slow-selling watch when it was first released in the 1960s to 1980s. However, it became a hit because of the celebrity Paul Newman. The most in-demand are the vintage, modern, automatic, and steel models.
- A regular priced Rolex Daytona that was bought in 1970 costs [\\$150,000 \(2\)](#) is currently expecting to fetch at hefty prices of [\\$200,000 to \\$400,000 \(2\)](#). Together with an auction fee, it will have a total cost of [\\$950,000 \(2\)](#). The trend shows that the value of Daytona will continue to grow and thrive.
- In 2018, a 1969 Paul Newman Daytona was listed as one of the most expensive watches sold by Christie with a price of [\\$732,500 \(9\)](#).

### PATEK PHILIPPE PERPETUAL CALENDAR CHRONOGRAPH

- Because [Patek Philippe \(6\)](#) is known for producing watches in low quantities, even the already expensive Perpetual Calendar Chronograph still has room for appreciation.
- Patek Philippe Perpetual Calendar Chronograph was released in 1940 and currently priced at [CHF 73,000 \(7\)](#) (\$73,545), but averaging the price at six-digit amount in auction. Additionally, it is also one of those rare watches that has been sold for millions in an auction.
- In 2007, Patek Philippe Perpetual Calendar Chronograph was sold at [CHF 2,513,000 \(8\)](#) (\$2.531 million) by Christie's and in 2018, Perpetual Calendar Chronograph was [ranked #1 \(9\)](#) as the most expensive watch that has been sold at a price of [\\$3,234,905 \(9\)](#).

## ADDITIONAL FINDINGS

### AUDEMARS PIGUET ROYAL OAK

- Another example is the Audemars Piguet Royal Oak which is the so-called "[Jumbo \(3\)](#)" where it became very expensive. The price appreciation or depreciation does not apply if it is purchased brand new and sell it right afterward.
- The [Royal Oak \(6\)](#) is considered as the flagship product of Audemars Piguet, and the most collectible is "Jumbo".
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The appreciation will be considered if the product was bought earlier years, like 5 years ago. A Royal Oak purchased at [\\$10,000 \(3\)](#) at that time can be sold at [\\$16,000 \(3\)](#) at present.

- Based on the NY Times article, an Audemars Piguet Royal Oak at [\\$23,000 \(2\)](#) bought by a collector 3 years ago, now has a value of [\\$30,000 \(2\)](#) due to strong demand.

### IWC BIG PILOT WATCH

- An example of a luxury watch model that has depreciated is the IWC Big Pilot, which 7 years ago costs for approximately [\\$40,000 \(2\)](#). It was valued as such to become a historical watch and was expected to appreciate in the succeeding years because it initially released only [500 units \(2\)](#).
- However, the company eventually launched different editions of Big Pilot that its [exclusivity \(2\)](#) was gone.
- The \$40,000 watch bought 7 years ago is currently valued at almost half of the original price, which is [50% \(2\)](#) depreciation in the span of 7 years.

### PATEK PHILIPPE NAUTILUS

- [Patek Philippe Nautilus \(7\)](#) was first launched in 1976. This simple steel watch is considered as one of the most coveted watches even its current price in the pre-owned market doubles from its original price.
- This is because the company only produced Nautilus in [low quantity \(7\)](#) and so the demand for this watch continued to flourish. Higher price for Nautilus is expected to continue in the future.
- At the beginning of 2018, Patek Philippe increased the price of Nautilus by 20%. What used to be the price of [CHF 22,000 \(8\)](#) (\$22,177) is now going for [CHF 40,000 \(8\)](#) (\$40,320).
- Even the pre-owned dealers were getting numerous phone calls inquiring for Nautilus and even offered prices that are [above the retail price \(8\)](#).

### ROLEX SUBMARINER

- According to a report, a [Rolex Submariner \(5\)](#)'s most dramatic depreciation occurs within 1 year, but depreciation slows after the watch reaches its 10-year threshold.
- A brand new Rolex Submariner will depreciate at approximately [10.6% \(5\)](#) after one year. After 10 years, it will depreciate at [27% \(5\)](#).
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But current trends show that due to a [shortage \(7\)](#) of Rolex Submariner, the demand for vintage and modern pieces is expecting to grow.

- Based on NY Times article, Watchbox, a pre-owned trader, received 9 offers that bids for Submariner with offers that range between [\\$9,000 to \\$13,000 \(2\)](#).

## OMEGA SPEEDMASTER PROFESSIONAL

- A regular Omega Speedmaster Professional costs [£3,520 \(10\)](#) (\$4,472), where the most dramatic depreciation occurs in 1 year at [18% \(10\)](#), and at [23% \(10\)](#) in 5 years. However, between 5 and 20 years, the value will reverse slightly and depreciation will be at [16% \(10\)](#).
- The Omega Speedmaster Professional was the same watches worn by astronauts [Neil Armstrong and Buzz Aldrin \(6\)](#) and became popular only after the lunar landing. This particular timepiece was dubbed "[Moonwatch \(7\)](#)". While there are other variations of Moonwatches, the one associated with moon landing are the ones that appreciate in value.
- The [iconic status \(7\)](#) and value on history are what makes this watch a collectible item.

## ResearchStrategy:

For this request, we have looked at industry report from global watch associations and companies such as Federation of the Swiss Watch, Esquire, Patek Philippe, Rolex, and similar sites to look for any statistics which can determine the appreciation and depreciation of luxury watches over time. While these sources provide lists of very expensive watches and most expensive watch in the world, there is no report found showing trends on valuing a watch that determines its future value.

Secondly, we looked for luxury watch expert reviews that also reviews its future value from sources such as Barrington Watch Winders, Watch Time, Monochrome Watches and other similar sites. From these, we found expert reviews on luxury watch models that have been consistently proving to be increasing its value. Unfortunately, only two matched the criteria of having a price of more than \$50,000. Notably, as per experts, the depreciation or appreciation of value is not based on the expensiveness of the watches but how they can be resold in the future. In this regard, we have gathered another 5 items that match the criteria of being rare, collectible, and limited edition, except for the price. The other examples gathered have prices ranging from \$5,000-\$40,000.

Lastly, we looked for auction sites and pre-owned market such as Christie's, WatchBox, and Hodinkee to find the most expensive watches that have been auctioned. In Christie's,

the most expensive watches listed are Patek Philippe Perpetual Calendar Chronograph and Rolex Daytona and was also mentioned in other different lists. It indicates that these two has been in-demand items. Another one in the list was the Richard Mille watch. However, this watch does not have any model and looking at Richard Mille watches, it is difficult to determine the original price and what makes this expensive aside from the fact that the watch was glittered with jewelry. However, the report by [NY Times \(2\)](#) which also discussed the pre-owned market, explained that while there are more expensive watches, these cannot determine its fluidity because they lack easy association, unlike what Rolex, Patek Philippe, or Omega has. The lack of any available data for other luxury watches with prices higher than \$50,000 that can support the fact that it will either appreciate or depreciate can be due to their lack of recognition and demand among watch collectors.

## SOURCES

## 1) Top 20 Luxury Watch Brands 2019

<https://www.wpdiamonds.com/top-luxury-watch-brands-2017/>

- *"Patek Philippe produce some of the most coveted and high-end timepieces in the world, fetching millions of dollars for some of their rarer models. This prestigious watch brand with a history of innovative designs, has long been favored by royalty."*
- *"Despite the soaring popularity of Rolex's iconic womens and mens watches, each timepiece is still made by hand. Internationally recognized as a status symbol, Rolex watches are forever in high demand."*
- *"The motto of IWC Schaffhausen is Probus Scafusia, meaning "good, solid craftsmanship from Schaffhausen"."*
- *"Known for their delicately enameled pieces, The Luxury Institute jewelry brand study placed Piaget as the 6th most prestigious jewelry brand back in 2008"*

## 2) An Investment on Your Wrist

<https://www.nytimes.com/2018/05/25/your-money/watch-investment-auction.html>

- *"For decades, watches have been symbols of luxury, wealth and personal taste. But their potential as investments is now more easily tracked and understood. "*
- *"“We’re monetizing a wristwatch as if it’s an asset,” said Danny Govberg, the chief executive of WatchBox. “Watches have an underlying value, just like a diamond. You can take a diamond anywhere in the world and sell it. We’re creating a worldwide market for watches.”"*
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- *"Discerning the investment potential of watches can be as complex as the intricate machinery that runs them."*

## 3) Which Watch Brands Are Most Likely to Increase in Value?

<https://www.watchtime.com/blog/fratello-friday-which-watch-brands-are-most-likely-to-increase-in-value/>

- *"Aspects such as brand recognition, heritage, exclusivity, availability, and – perhaps the most influential of all – demand are important when it comes to the development of a watch’s value over time."*
- *"Aside from Rolex and Patek Philippe, luxury watch brands with a high demand (in the United States) include Breitling, Omega, Audemars Piguet, Cartier, Panerai, Jaeger-LeCoultre and IWC (in no particular order). This doesn’t mean that every watch these brands produce will automatically increase in value."*

## 4) 10 Things To Know Before Buying a Pre-Owned Luxury Watch

<https://www.maxim.com/style/pre-owned-luxury-watch-2017-12>

- *" "Like a brand new car, a brand new watch depreciates the second you take it home," Altieri says. "But a pre-owned Rolex has already depreciated to the near maximum by the time you buy it."*
- *"“This depends on trends in the market, auction results, and what the brand is currently producing."*

## 5) Rolex Depreciation Statistics - Barrington Blog

<https://www.barringtonwatchwinders.com/blog/statistics/rolex-depreciation-statistics/>

## 6) 7 Luxury Watches That Are Likely To Appreciate Over Time

<https://www.watchaudit.com/7-luxury-watches-that-are-likely-to-appreciate-over-time>

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*steel. Therefore, thanks to basic supply and demand theory, this shortage drives up the value of the watch in the secondary market."*

## 7) Thoughts on the Patek Philippe Nautilus ref.5711 (and why I didn't buy one) - Monochrome Watches

<https://monochrome-watches.com/thoughts-patek-philippe-nautilus-ref-5711/>

- *"Well, at the beginning of this year Patek Philippe increased the price of the Nautilus by 20%. When asked why, we were told that part of the reason is that demand for the Nautilus was just too high. "*
- *"It used to retail for just under CHF 22,000 and now for almost CHF 27,000. On the pre-owned market, the Nautilus ref. 5711 goes for CHF 40,000 and more... Pre-owned dealers and official Patek dealers get phone calls on a daily basis from people inquiring if they have a Nautilus available."*
- *"Any steel Nautilus! And prices offered are far above retail price. In fact, the lowest price for a used Nautilus ref. 5711 with gradient blue dial, at the time of publishing, is around EUR 40,000 and that's one that has had a pretty demanding life if I have to judge by the scratches visible in the photos."*

## 8) Patek Philippe 5320g Perpetual Calendar - Review (Specs & Price)

<https://monochrome-watches.com/patek-philippe-5320g-perpetual-calendar-review-price/>

- *"This unique piece, with waterproof steel case, central second (no small second as in the ref. 1526) and classical QP display, presented a specific luminous dial, with painted Arabic numeral and blued syringe hands filled with luminous material. "*
- *"This watch, last sold by Christie's in 2007 for an impressive CHF 2,513,000, is now exposed at the Patek Philippe museum"*
- *"The price for the Patek Philippe 5320g is CHF 73,000 and it is now available at official boutiques and retailers."*

## 9) The top 10 most expensive watches sold by Christie's in 2018, ranked

<https://www.businessinsider.com/most-expensive-watches-sold-christies-rolex-patek-philippe-2018-12>

## 10) Omega Depreciation Statistics - Barrington Blog

<https://www.barringtonwatchwinders.com/blog/statistics/omega-depreciation-statistics/>